

May 26, 2017

**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: *Ex Parte* Submission, WC Docket Nos. 09-197, 11-42**

Dear Secretary Dortch:

The purpose of this letter is to follow up on the meetings that representatives of SanoConnect (“Sano”) had with Commission staff on March 20, 2017.<sup>1</sup> Specifically, Sano would like to make a proposal for a new pilot to test Sano’s database approach for verifying the eligibility of Lifeline applicants, and that the Commission grant it forbearance from the “own facilities” requirement in order to make this proposal feasible.

This new approach would dramatically reduce the potential for waste, fraud and abuse in the program at least a year earlier than the projected launch date for the National Verifier. A central component of our approach is that we would have access to the databases of [REDACTED] providers, the [REDACTED] which provide [REDACTED]—a connection that would be entirely self-funded. In particular, we will work with the [REDACTED] providers to ensure that eligibility verification is conducted exclusively via electronic means, at no cost to the Universal Service Fund. Before signing up a customer, Sano will use its back-end connection with the [REDACTED] providers to validate *in the systems of the* [REDACTED] that the Lifeline applicant is a current [REDACTED] participant. Sano will next conduct a check in the NLAD database to ensure that no other individual in the household already receives the Lifeline subsidy. In effect, we will be employing the equivalent of the National Verifier at least a year ahead of schedule. Sano proposes that the Commission partner with Sano to conduct a pilot of this approach to determine whether it could bring the benefits of the planned Verifier to the program at an accelerated pace by leveraging private funding. As the Commission has recently learned, deploying a central database to manage public funding for an entire sector of

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<sup>1</sup> Ex Parte Submission of SanoConnect, WC Docket Nos. 09-197, 11-42 (Mar. 22, 2017) available at [https://ecfsapi.fcc.gov/file/10322283516908/Sano%20Ex%20Parte%20\(REDACTED\)\\_Redacted.pdf](https://ecfsapi.fcc.gov/file/10322283516908/Sano%20Ex%20Parte%20(REDACTED)_Redacted.pdf) and attached hereto for convenience.

the industry can be fraught with technical problems.<sup>2</sup> Under Sano's proposal, each ETC would be responsible for footing the bill for its connection to existing government-run eligibility databases to determine Lifeline eligibility. This model could be used for applicants seeking Lifeline funding based on their participation in the [REDACTED] program, which would easily cover a large number of Lifeline applicants. And it would do so on a much more accelerated timeframe than what is anticipated for the National Verifier, where all states are not anticipated to be included in the Verifier until at least 2019.<sup>3</sup>

Sano is committed to verifying applicants solely through the above-described electronic database process, such that it will not engage in any "manual overrides" when electronic verification yields negative or uncertain results, or use physical benefits cards, which are vulnerable to fraudulent practices such as counterfeiting. Chairman Pai has identified manual override as a practice that leads to waste, fraud and abuse.<sup>4</sup> Instead of using a manual override, we will inform our potential customers that our system could not validate their eligibility, and we will refer them to their [REDACTED] provider to correct the problem. While we recognize that this approach may result in the loss of eligible customers to other Lifeline providers with more liberal policies, we believe it is prudent to ensure that ineligible individuals do not receive federal subsidies when their eligibility cannot be properly verified. We also hope that this policy will incentivize [REDACTED] recipients to maintain updated contact information with the [REDACTED] program, which will be an important step toward improving both [REDACTED] and Lifeline. Sano would propose that any and all participants in a database eligibility pilot be required to commit that they will not use any manual overrides.

In summary, Sano proposes to improve Lifeline by relying solely on electronic means to verify eligibility, to do so solely at its own cost at least a year ahead of the current timetable for the National Verifier, and that the Commission conduct a pilot of this model to determine whether it could be more widely replicated and replace the National Verifier, at least in part. We will not utilize manual overrides or rely on physical benefits cards, and would propose that no other provider in the pilot be permitted to engage in overrides. Through our commitment to use electronic verification together with our plan to serve consumers in close alignment with [REDACTED] providers, Sano has the potential to dramatically enhance the effectiveness and integrity of the Lifeline program for all stakeholders. In order to do so, Sano needs the Commission's support, as well as forbearance from the "own facilities" requirement of 47 U.S.C. § 214(e)(1) so that it may promptly apply with various state public utility commissions for designation as an eligible telecommunications carrier.

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<sup>2</sup> Letter from Ajit Pai, Chairman, Federal Communications Commission, to Chris Henderson, CEO, Universal Service Administrative Company (Apr. 18, 2017), *available at* [https://apps.fcc.gov/edocs\\_public/attachmatch/DOC-344459A1.docx](https://apps.fcc.gov/edocs_public/attachmatch/DOC-344459A1.docx).

<sup>3</sup> In Re Lifeline and Link Up Reform and Modernization et al., Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3,962 (FCC rel. Apr. 27, 2016) at ¶ 164.

<sup>4</sup> Testimony of FCC Commissioner Ajit Pai before the Subcommittee on Communications and Technology of the United States House of Representatives Committee on Energy and Commerce, "Oversight of the Federal Communications Commission" (July 12, 2016) *available at* <http://docs.house.gov/meetings/IF/IF16/20160712/105179/HHRG-114-IF16-Wstate-PaiA-20160712.pdf>.

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Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed via ECFS.

Respectfully submitted,



Danielle Frappier  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue, NW, Suite 800  
Washington, DC 20006 – 3401

*Counsel to:* [REDACTED] *SanoConnect*

cc: Amy Bender  
Claude Aiken  
Ryan Palmer

**ATTACHMENT 1**

**March 22, 2017 Ex Parte**

March 22, 2017

**VIA ECFS**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: *Ex Parte* Submission, WC Docket Nos. 09-197, 11-42**

Dear Secretary Dortch:

On March 20, 2017, Danielle Frappier and Christopher Cook of Davis Wright Tremaine LLP, and Evan Grayer of [REDACTED] SanoConnect (“SanoConnect”), met with Jay Schwarz, Acting Wireline Advisor to Federal Communications Commission (“Commission”) Chairman Pai, Amy Bender, Wireline Legal Advisor to Commissioner O’Rielly, and Claude Aiken, Wireline Legal Advisor to Commissioner Clyburn. Liliane Offredo – Zreik and Brett Moraski of SanoConnect joined each meeting by phone.

During our meetings with Mr. Schwarz, Ms. Bender, and Mr. Aiken, Mr. Grayer gave an overview of SanoConnect through the attached presentation. In addition, I discussed the legal and administrative hurdles for SanoConnect to obtain designation as an Eligible Telecommunications Carrier. The attached presentation provides the details of that discussion.

Pursuant to Section 1.1206(b) of the Commission’s rules, this letter is being filed via ECFS.

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Respectfully submitted,

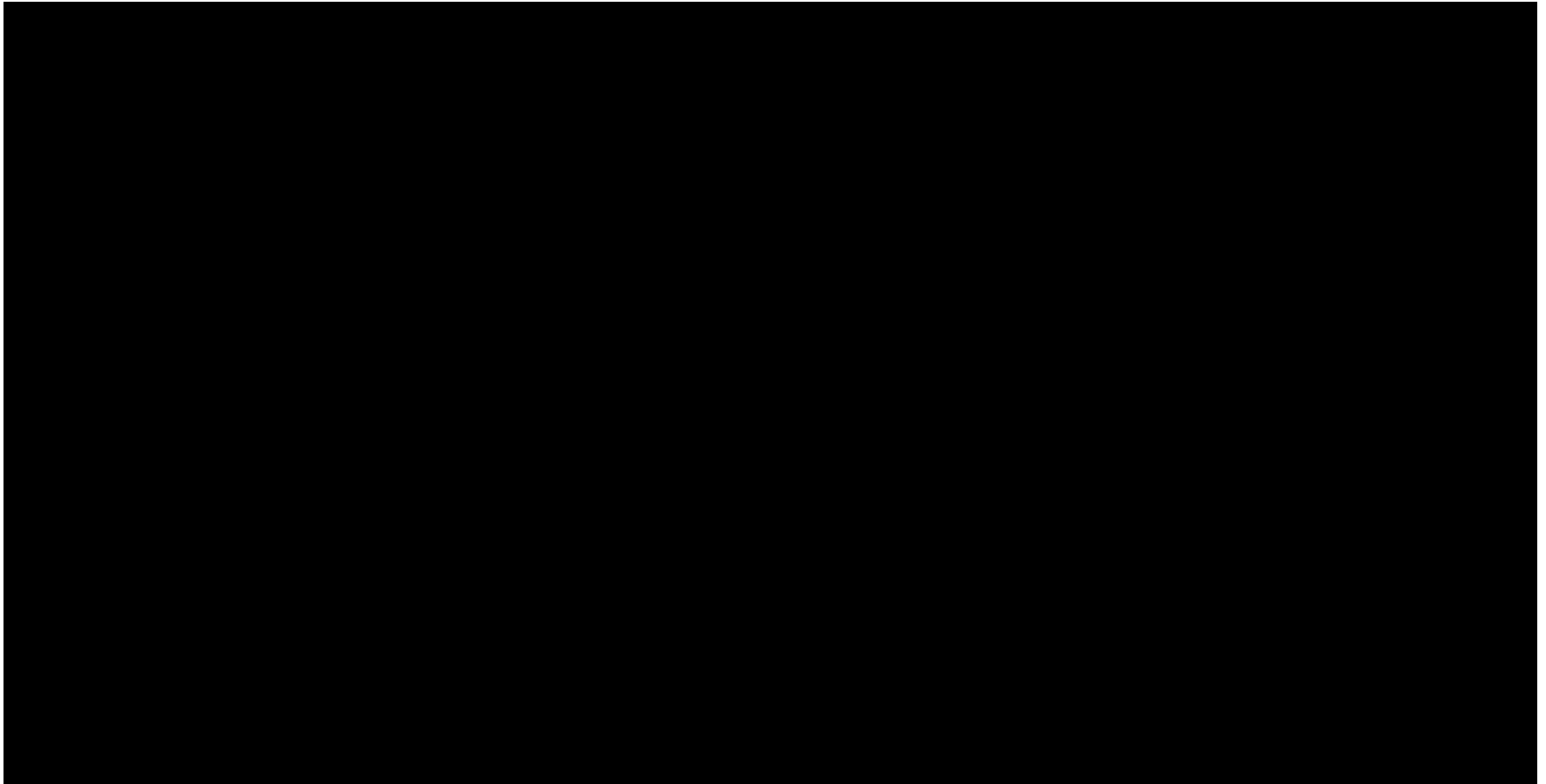
A handwritten signature in blue ink, reading "Danielle Frappier". The signature is written in a cursive style with a large initial "D" and "F".

Danielle Frappier  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue, NW, Suite 800  
Washington, DC 20006 – 3401

*Counsel to:* [REDACTED] *SanoConnect*

# **SANOCCONNECT**

Introductory Presentation  
March 2017



Identifying a “next generation” Lifeline provider that will use a platform to minimize waste, fraud and abuse in the program



# The SanoConnect Solution



[redacted]

Sano will apply the Lifeline data subsidy to the recipient's [redacted] service using a [redacted] platform. Most low-income Americans have a smartphone, but have trouble affording data service

[redacted]

## Mitigating Waste and Fraud and Reducing Cost in the Lifeline Program



### The prevalent way



- ☒ Prone to fraud
- ☒ Prone to mistakes
- ☒ Inefficient



### The SanoConnect way



- ☒ State of the art
- ☒ Efficient / real time
- ☒ Fraud free

No Give-Away Phones

recipients are often transient and lack home broadband; but most of them have a smartphone and use it as a primary method of communication

incur high costs with "paper" communication to . New regulations allows them to use electronic communication

- Better communication with
- Improve
- Reduce administrative waste, such as cost of returned mail
- Improve engagement, which will result in and

## What Does Sano Need From the FCC?

Forbearance from the facilities requirement

- Direct database access [REDACTED] [REDACTED] should be a basis for granting forbearance—it is the equivalent of the National Verifier two years ahead of schedule

An ETC designation that isn't prohibitively expensive or time-consuming to obtain

- If the process will be state-based, we have some suggestions to help streamline the process

## A Uniquely Qualified Founding Team



**Evan R. Grayer**

- Over 20 years running and advising telecom businesses
- Managed broadband businesses at DIRECTV, Time Warner Cable and AOL
- Telecom lawyer (Harris Wiltshire & Grannis)
- JD, University of Chicago, B.A., Harvard University
- Clerk for Frank H. Easterbrook, 7th Circuit Court of Appeals



**Liliane Offredo – Zreik**

- Over 25 years experience in telecom industry
- Verizon, Verizon Wireless, Time Warner Cable, Ericsson, Sonus Networks, Cablevision, ACG Research, The Sannine Group.
- MBA, Harvard Business School, M.Eng, Cornell University



**Brett C. Moraski**

- Over 20 years experience in healthcare/tech/ private equity industries
- Amberson Partners, WellPoint, Highmark, Lycos
- MBA, Harvard Business School, B.A., Notre Dame

Sano will reduce waste,

- By ensuring that subsidy recipients have “skin in the game” – we don’t provide “give-away” phones

Sano will address important challenges in the

program

- By helping

Sano requests that the FCC

- Provide a mechanism for Sano to receive ETC certification
- Provide for an administrative process that will not result in undue delay or expense